

House Amendment 8244

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1 1 Amend House File 2484 as follows:
1 2 #1. Page 1, by inserting before line 1 the
1 3 following:
1 4 1 5 DIVISION OF BANKING>
1 6 #2. Page 14, by inserting after line 33 the
1 7 following:
1 8 1 9 CREDIT UNIONS
1 10 Sec. _____. Section 533.2, Code 2003, is amended to
1 11 read as follows:
1 12 533.2 AMENDMENTS.
1 13 1. The articles Articles of incorporation
1 14 bylaws may be amended by a favorable vote of a
1 15 majority of the members present at a meeting, if that
1 16 number constitutes a quorum and if the proposed
1 17 amendment was contained in the notice of the meeting.
1 18 2. Bylaws may also be amended by a any of
1 19 following methods:
1 20 a. The favorable vote of a majority of the members
1 21 of the board, or by present at a meeting, if that
1 22 number constitutes a quorum and if the proposed
1 23 amendment was contained in the notice of the meeting.
1 24 b. The favorable vote of a majority of the members
1 25 of the board.
1 26 c. By a majority vote of members voting by mailed
1 27 or electronic ballot, according to procedures
1 28 specified by rule of the superintendent requiring at
1 29 least twenty days' notice to all members, mailed
1 30 ballots ensuring the confidentiality of voters,
1 31 announcement to members of the results of the vote,
1 32 and preservation of the ballots for a reasonable
1 33 period of time according to procedures specified by
1 34 rule of the superintendent, requiring at least twenty
1 35 days' notice to all members. All amendments must be
1 36 approved by the superintendent before they become
1 37 effective. An announcement shall be made to members
1 38 of the results of the vote. Ballots shall be
1 39 preserved for a reasonable period of time following
1 40 the vote.
1 41 d. A combination of procedures as specified in
1 42 paragraphs "a" and "c", whereby members are allowed to
1 43 vote either in person at a meeting or by mailed or
1 44 electronic ballot, according to procedures specified
1 45 by rule of the superintendent. If the proposed
1 46 amendment receives a favorable majority of the total
1 47 votes cast in person and by mailed ballot, the bylaws
1 48 shall be amended.
1 49 Sec. _____. Section 533.4, subsection 5, Code 2003,
1 50 is amended by adding the following new paragraph:
2 1 NEW PARAGRAPH. j. Any investment permitted by
2 2 federal credit unions, provided that this paragraph
2 3 shall not permit a credit union to invest in a credit
2 4 union service organization except as provided in
2 5 paragraph "f".
2 6 Sec. _____. Section 533.4, Code 2003, is amended by
2 7 adding the following new subsection:
2 8 NEW SUBSECTION. 28. Set off a member's accounts
2 9 against any of the member's debts or liabilities owed
2 10 the state credit union pursuant to an agreement
2 11 entered into between the member and the credit union.
2 12 The credit union shall also have a lien on the shares
2 13 and deposits of a member for any sum due the credit
2 14 union from the member or for any loan endorsed by the
2 15 member.
2 16 Sec. _____. Section 533.6, subsection 2, Code 2003,
2 17 is amended to read as follows:
2 18 2. The superintendent may make or cause to be made
2 19 an examination of each credit union whenever the
2 20 superintendent believes such examination is necessary
2 21 or advisable, but in no event less frequently than
2 22 once during each ~~eighteen-month~~ twenty-four-month
2 23 period. A credit union designated as serving
2 24 predominantly low-income members shall be reviewed
2 25 during each examination to ensure that such credit
2 26 union is continuing to meet the standards established

2 27 by rule of the superintendent. Each credit union and
2 28 all of its officers and agents shall give to the
2 29 representatives of the superintendent free access to
2 30 all books, papers, securities, records, and other
2 31 sources of information under their control. A report
2 32 of such examination shall be forwarded to the
2 33 chairperson of each credit union within thirty days
2 34 after the completion of the examination. Within
2 35 thirty days of the receipt of this report, a meeting
2 36 of the directors shall be called to consider matters
2 37 contained in the report and the action taken shall be
2 38 set forth in the minutes of the board. The
2 39 superintendent may accept, in lieu of the examination
2 40 of a credit union, an audit report conducted by a
2 41 certified public accounting firm selected from a list
2 42 of firms previously approved by the superintendent.
2 43 The cost of the audit shall be paid by the credit
2 44 union.

2 45 Sec. _____. Section 533.8, Code 2003, is amended to
2 46 read as follows:

2 47 533.8 ELECTIONS.

2 48 1. At the organization meeting there shall be
2 49 elected a board of directors of not less than nine
2 50 members to hold office for such terms as the bylaws
3 1 provide and until successors are elected and qualify.

3 2 2. At each annual meeting there shall be elected
3 3 one member to fill each position vacated by reason of
3 4 expiring terms or other causes.

3 5 3. Pursuant to rules adopted by the
3 6 superintendent, state credit unions may allow members
3 7 to vote on the election of directors via electronic
3 8 means including, but not limited to, the internet or
3 9 telephone.

3 10 4. A record of the names and addresses of the
3 11 directors, officers and committee persons shall be
3 12 filed with the superintendent within ten days
3 13 following each election.

3 14 5. A state credit union wishing to maintain a
3 15 board of directors of less than nine members may apply
3 16 to the superintendent for permission to reduce the
3 17 required number of directors to no fewer than seven
3 18 members. An application to reduce the required number
3 19 of directors under this subsection must demonstrate
3 20 both of the following:

3 21 a. The application is necessitated by a hardship
3 22 or other special circumstance.

3 23 b. The lesser number of directors is in the best
3 24 interest of the credit union and its members.

3 25 Sec. _____. Section 533.9, Code 2003, is amended to
3 26 read as follows:

3 27 533.9 DIRECTORS AND OFFICERS.

3 28 1. Within five days following the organization
3 29 meeting and each annual meeting, the directors shall
3 30 elect from their own number a chairperson of the
3 31 board, a vice chairperson, a secretary, and a chief
3 32 financial officer whose title shall be designated by
3 33 the board of directors.

3 34 2. The board shall appoint a credit committee of
3 35 not less than three members, and an auditing committee
3 36 of not less than three members, and may also appoint
3 37 alternate members of the credit committee.

3 38 3. Only a member of the board of directors or a
3 39 member of the credit union may be appointed to the
3 40 credit committee or to the auditing committee.

3 41 4. The board may appoint an executive committee to
3 42 act on its behalf when designated for that purpose.

3 43 5. The duties and responsibilities of a director
3 44 and of the board of directors ~~have general~~ shall
3 45 include, but are not limited to, all of the following:

3 46 a. General management of the affairs of the state
3 47 credit union including, but not limited to, the power
3 48 to fix.

3 49 b. Setting the amount of the surety bond which
3 50 that shall be required of all officers and employees
4 1 handling money.

4 2 c. Periodic review of the original records of the
4 3 state credit union, or comprehensive summaries
4 4 prepared by the officers of the credit union,
4 5 pertaining to loans, security interests, and
4 6 investments.

4 7 d. Review of the adequacy of the state credit

4 8 union's internal controls.

4 9 e. Periodic review of utilization of security
4 10 measures.

4 11 f. Establishing education and training programs to
4 12 ensure that the directors possess adequate knowledge
4 13 to manage the affairs of the state credit union.

4 14 6. a. Directors of a state credit union shall
4 15 discharge the duties of their position in good faith
4 16 and with that diligence, care, and skill which
4 17 ordinarily prudent persons would exercise under
4 18 similar circumstances in like positions.

4 19 b. The directors have a continuing responsibility
4 20 to assure themselves that the state credit union is
4 21 being managed according to law and that the practices
4 22 and policies adopted by the board are being
4 23 implemented.

4 24 7. Unless the bylaws provide otherwise, the board
4 25 of directors may permit any and all directors to
4 26 participate in all except one meeting per year of the
4 27 board of directors through the use of any means of
4 28 communication by which all directors participating in
4 29 the meeting may simultaneously hear each other and
4 30 communicate during the meeting. A director
4 31 participating in a meeting by this means is deemed to
4 32 be present at the meeting.

4 33 8. a. A director, committee member, officer, or
4 34 employee of a state credit union shall not directly or
4 35 indirectly participate in either the deliberation upon
4 36 or the determination of any matter in which the
4 37 director, committee member, officer, or employee has a
4 38 direct or indirect interest.

4 39 b. For the purposes of this subsection, an
4 40 interest may include, but is not limited to, a
4 41 pecuniary or familial interest.

4 42 Sec. _____. Section 533.12, subsection 1, Code 2003,
4 43 is amended to read as follows:

4 44 1. The capital of a credit union shall consist of
4 45 the payments that have been made to it by the several
4 46 members thereof on shares. ~~The credit union shall~~
4 47 ~~have a lien on the shares and deposits of a member for~~
4 48 ~~any sum due to the credit union from the member or for~~
4 49 ~~any loan endorsed by the member.~~ A credit union may
4 50 charge an entrance fee as may be provided by the
5 1 bylaws.

5 2 Sec. _____. Section 533.19, Code 2003, is amended to
5 3 read as follows:

5 4 533.19 EXPULSION == WITHDRAWAL.

5 5 1. The board of directors may expel any member who
5 6 has failed to do either of the following:

5 7 a. Carry out the member's obligations to the state
5 8 credit union.

5 9 b. Comply with the state credit union's bylaws or
5 10 policies.

5 11 2. A member may be expelled by a majority vote of
5 12 the board of directors at a regular or special meeting
5 13 of the board.

5 14 a. ~~The An~~ expelled member may request a hearing
5 15 before the membership of the credit union. A meeting
5 16 of the membership shall be held within sixty days of
5 17 the member's request.

5 18 b. The membership may, by majority vote at the
5 19 membership meeting, reinstate the expelled member upon
5 20 terms and conditions prescribed by it.

5 21 3. Any member may withdraw from the credit union
5 22 at any time, but notice of withdrawal may be required
5 23 as provided in this section.

5 24 4. All amounts paid on shares or as deposits of an
5 25 expelled or withdrawing member, with any dividends or
5 26 interest accredited thereto, to the date thereof,
5 27 shall, after deducting all amounts due from the member
5 28 to the credit union and an amount as necessary to
5 29 honor outstanding share drafts drawn against accounts
5 30 of the member, be paid to the member.

5 31 5. Upon expulsion or withdrawal of a member from a
5 32 credit union, or at any other time, the credit union
5 33 may require sixty days' notice of intention to
5 34 withdraw shares and thirty days' notice of intention
5 35 to withdraw deposits, except that a credit union shall
5 36 not at any time require notice of withdrawal with
5 37 respect to funds which are subject to withdrawal by
5 38 share drafts.

5 39 6. Withdrawing or expelled members shall have no
5 40 further rights in the credit union but are not, by
5 41 such expulsion or withdrawal, released from any
5 42 remaining liability to the credit union.
5 43 Sec. _____. NEW SECTION. 533.19A SUSPENSION OR
5 44 RESTRICTION OF SERVICES.
5 45 1. A state credit union may suspend or deny
5 46 certain services to members who have performed any of
5 47 the following actions:
5 48 a. Caused a loss to the state credit union.
5 49 b. Violated the membership agreement or any policy
5 50 adopted by the board.
6 1 c. Been physically or verbally abusive to state
6 2 credit union members or staff.
6 3 2. Members with suspended services may maintain a
6 4 share account and continue to vote at annual and
6 5 special meetings.
6 6 Sec. _____. Section 533.38, Code 2003, is amended by
6 7 adding the following new subsection:
6 8 NEW SUBSECTION. 12. Establish one or more capital
6 9 accounts in the same manner as if it were a federal
6 10 credit union.

6 11 DIVISION III
6 12 BANKS ARE LIMITED LIABILITY COMPANIES
6 13 Sec. _____. Section 422.11, Code 2003, is amended to
6 14 read as follows:
6 15 422.11 FRANCHISE TAX CREDIT.
6 16 The taxes imposed under this division, less the
6 17 credits allowed under section 422.12, shall be reduced
6 18 by a franchise tax credit. A taxpayer who is a
6 19 shareholder in a financial institution, as defined in
6 20 section 581 of the Internal Revenue Code, which has in
6 21 effect for the tax year an election under subchapter S
6 22 of the Internal Revenue Code, or is a member of a
6 23 financial institution organized as a limited liability
6 24 company under chapter 524 that is taxed as a
6 25 partnership for federal income tax purposes, shall
6 26 compute the amount of the tax credit by recomputing
6 27 the amount of tax under this division by reducing the
6 28 taxable income of the taxpayer by the taxpayer's pro
6 29 rata share of the items of income and expense of the
6 30 financial institution and subtracting the credits
6 31 allowed under section 422.12. This recomputed tax
6 32 shall be subtracted from the amount of tax computed
6 33 under this division after the deduction for credits
6 34 allowed under section 422.12. The resulting amount,
6 35 which shall not exceed the taxpayer's pro rata share
6 36 of the franchise tax paid by the financial
6 37 institution, is the amount of the franchise tax credit
6 38 allowed.

6 39 Sec. _____. Section 524.103, subsections 6, 8, 17,
6 40 20, 30, 31, and 33, Code 2003, are amended to read as
6 41 follows:
6 42 6. "Articles of incorporation" means the original
6 43 or restated articles of incorporation and all
6 44 amendments thereto and includes articles of merger.
6 45 "Articles of incorporation" also means the original or
6 46 restated articles of organization and all amendments
6 47 including articles of merger if a state bank is
6 48 organized as a limited liability company under this
6 49 chapter.

6 50 8. "Bank" means a corporation or limited liability
7 1 company organized under this chapter or 12 U.S.C. }
7 2 21.

7 3 17. "Control" means when a person, directly or
7 4 indirectly or acting through or together with one or
7 5 more persons, satisfies any of the following:
7 6 a. Owns, controls, or has the power to vote fifty
7 7 percent or more of any class of voting securities or
7 8 membership interests of another person.
7 9 b. Controls, in any manner, the election of a
7 10 majority of the directors, managers, trustees, or
7 11 other persons exercising similar functions of another
7 12 person.
7 13 c. Has the power to exercise a controlling
7 14 influence over the management or policies of another
7 15 person.

7 16 20. "Executive officer" means a person who
7 17 participates or has authority to participate, other
7 18 than in the capacity of a director or manager, in
7 19 major policymaking functions of a state bank, whether

7 20 or not the officer has an official title, whether or
7 21 not such a title designates the officer as an
7 22 assistant, or whether or not the officer is serving
7 23 without salary or other compensation. The chief
7 24 executive officer, chairperson of the board, the
7 25 president, every vice president, and the cashier of a
7 26 state bank are deemed to be executive officers, unless
7 27 such an officer is excluded, by resolution of the
7 28 board of directors of a state bank or by the bylaws of
7 29 the state bank, from participation, other than in the
7 30 capacity of a director, in major policymaking
7 31 functions of the state bank, and the officer does not
7 32 actually participate in the major policymaking
7 33 functions. All officers who serve on a board of
7 34 directors are deemed to be executive officers, except
7 35 as provided for in section 524.701, subsection 3.

7 36 30. "Shareholder" means one who is a holder of
7 37 record of shares in a state bank. If a state bank is
7 38 organized as a limited liability company under this
7 39 chapter, "shareholder" means any member of the limited
7 40 liability company.

7 41 31. "Shares" means the units into which the
7 42 proprietary interests in a state bank are divided,
7 43 including any membership interests of a state bank
7 44 organized as a limited liability company under this
7 45 chapter.

7 46 33. "State bank" means any bank incorporated
7 47 pursuant to the provisions of this chapter after
7 48 January 1, 1970, and any "state bank" or "savings
7 49 bank" incorporated pursuant to the laws of this state
7 50 and doing business as such on January 1, 1970, or
8 1 organized as a limited liability company under this
8 2 chapter.

8 3 Sec. _____. Section 524.103, Code 2003, is amended
8 4 by adding the following new subsections:

8 5 NEW SUBSECTION. 9A. "Board of directors" means
8 6 the board of directors of a state bank as provided in
8 7 section 524.601. For state banks organized as a
8 8 limited liability company under this chapter, "board
8 9 of directors" means a board of directors or board of
8 10 managers as designated by the limited liability
8 11 company in its articles of organization or operating
8 12 agreement.

8 13 NEW SUBSECTION. 18A. "Director" means a member of
8 14 the board of directors and includes a manager of a
8 15 state bank organized as a limited liability company
8 16 under this chapter.

8 17 NEW SUBSECTION. 23A. "Manager" means a person
8 18 designated by the members to manage a state bank
8 19 organized as a limited liability company under this
8 20 chapter as provided in the articles of organization or
8 21 an operating agreement and may include a member of the
8 22 board of directors.

8 23 NEW SUBSECTION. 23B. "Member" means a person with
8 24 a membership interest in a state bank organized as a
8 25 limited liability company under this chapter.

8 26 NEW SUBSECTION. 23C. "Membership interest" means
8 27 a member's share of the profits and losses, the right
8 28 to receive distributions of assets, and any right to
8 29 vote or participate in management, of a state bank
8 30 organized as a limited liability company under this
8 31 chapter.

8 32 Sec. _____. Section 524.301, Code 2003, is amended
8 33 to read as follows:

8 34 524.301 INCORPORATORS == ORGANIZERS.

8 35 A state bank may be incorporated or organized as a
8 36 limited liability company under this chapter by one or
8 37 more individuals eighteen years of age or older, a
8 38 majority of whom shall be residents of this state and
8 39 citizens of the United States.

8 40 Sec. _____. NEW SECTION. 524.302A ARTICLES OF
8 41 INCORPORATION == LIMITED LIABILITY COMPANYY.

8 42 1. The articles of incorporation of a state bank
8 43 organized as a limited liability company under this
8 44 chapter shall be in the form prescribed by the
8 45 superintendent, and shall set forth all of the
8 46 following:

8 47 a. The name of the state bank, that it is
8 48 organized for the purpose of conducting the business
8 49 of banking, and that it is organized under the
8 50 provisions of this chapter.

9 1 b. The street address of the limited liability
9 2 company's initial registered office and the name of
9 3 its initial registered agent at that office.

9 4 c. The location of the state bank's proposed
9 5 principal office of the limited liability company,
9 6 which may be the same as the registered office, but
9 7 need not be within this state.

9 8 d. The duration of the state bank, which shall be
9 9 perpetual.

9 10 e. The aggregate number of common and preferred
9 11 shares which the state bank shall have authority to
9 12 issue and the par value of such shares. If such
9 13 shares are to be divided into classes or series, the
9 14 number of shares of each class or series and a
9 15 statement of the par value of the shares of each class
9 16 or series.

9 17 f. The number of managers constituting the initial
9 18 board of directors and the names and addresses of the
9 19 individuals who are to serve as directors until
9 20 successors are elected and qualify. A statement that
9 21 the exclusive authority to manage the state bank is
9 22 vested in a board of directors that is elected or
9 23 appointed by the members, that operates in
9 24 substantially the same manner as, and has
9 25 substantially the same rights, powers, privileges,
9 26 duties, and responsibilities as, a board of directors
9 27 of a state bank chartered as a corporation under this
9 28 chapter.

9 29 g. A provision that the articles of incorporation,
9 30 operating agreement, or other organizational documents
9 31 of the state bank shall not require the consent of any
9 32 other owner in order for an owner to transfer
9 33 membership interests in the state bank, including
9 34 voting rights.

9 35 2. The articles of incorporation may set forth any
9 36 or all of the following:

9 37 a. Provisions not inconsistent with law regarding
9 38 management of the business and regulation of the
9 39 affairs of the state bank.

9 40 b. Any provision required or permitted by this
9 41 chapter to be set forth in the operating agreement.

9 42 3. The articles of incorporation need not set
9 43 forth any of the organizational powers enumerated in
9 44 this chapter.

9 45 Sec. _____. Section 524.303, Code 2003, is amended
9 46 to read as follows:

9 47 524.303 APPLICATION FOR APPROVAL.

9 48 The incorporators or organizers shall make an
9 49 application to the superintendent for approval of a
9 50 proposed state bank in the manner prescribed by the
10 1 superintendent and shall deliver to the
10 2 superintendent, together with such application:

10 3 1. The articles of incorporation.

10 4 2. Applicable fees, payable to the secretary of
10 5 state as specified in section 490.122 or 490A.124, for
10 6 the filing and recording of the articles of
10 7 incorporation.

10 8 Sec. _____. Section 524.304, subsection 1, Code
10 9 2003, is amended to read as follows:

10 10 1. The incorporators or organizers of a state bank
10 11 shall, within thirty days of the acceptance of the
10 12 application for processing, publish notice of the
10 13 proposed incorporation or organization once each week
10 14 for two successive weeks in a newspaper of general
10 15 circulation published in the municipal corporation
10 16 which is proposed as the principal place of business
10 17 of the state bank, or if there is none, a newspaper of
10 18 general circulation published in the county, or in a
10 19 county adjoining the county, in which the proposed
10 20 state bank is to have its principal place of business.
10 21 The notice shall set forth all of the following:

10 22 a. The name of the proposed state bank.

10 23 b. A statement that it is to be incorporated or
10 24 organized under this chapter.

10 25 c. The purpose or purposes of the state bank.

10 26 d. The names and addresses of the incorporators or
10 27 organizers and of the members of the initial board of
10 28 directors or board of directors as they appear, or
10 29 will appear, in the articles of incorporation.

10 30 e. The date the application was accepted for
10 31 processing.

10 32 f. If the incorporation or organization of the
10 33 state bank has been approved by the superintendent
10 34 under section 524.305, subsection 8, the name and
10 35 address of the bank with which the state bank will
10 36 have merged, or the assets of which the state bank
10 37 will have acquired or the condition of which in some
10 38 other way provided a purpose for the incorporation or
10 39 organization.

10 40 Sec. _____. Section 524.305, subsection 1, paragraph
10 41 d, Code 2003, is amended to read as follows:

10 42 d. The character and fitness of the incorporators
10 43 or organizers and of the members of the initial board
10 44 of directors are such as to command the confidence of
10 45 the community and to warrant the belief that the
10 46 business of the proposed state bank will be honestly
10 47 and efficiently conducted.

10 48 Sec. _____. Section 524.305, subsections 6, 7, and
10 49 9, Code 2003, are amended to read as follows:

10 50 6. If the superintendent approves the application,
11 1 the superintendent shall notify the incorporators or
11 2 organizers, and such other persons who requested in
11 3 writing that they be notified, of the approval. If
11 4 the superintendent disapproves the application, the
11 5 superintendent shall notify the incorporators or
11 6 organizers of the action and the reason for the
11 7 decision.

11 8 7. The actions of the superintendent shall be
11 9 subject to judicial review in accordance with chapter
11 10 17A. The court may award damages to the incorporators
11 11 or organizers if it finds that review is sought
11 12 frivolously or in bad faith.

11 13 9. As a condition of receiving the decision of the
11 14 superintendent with respect to the application the
11 15 incorporators or organizers shall reimburse the
11 16 superintendent for all expenses incurred by the
11 17 superintendent in connection with the application.

11 18 Sec. _____. Section 524.306, Code 2003, is amended
11 19 to read as follows:

11 20 524.306 INCORPORATION OR ORGANIZATION OF STATE
11 21 BANK.

11 22 1. Unless a delayed effective date or time is
11 23 specified, the corporate or organizational existence
11 24 of a state bank begins when the articles of
11 25 incorporation, with the superintendent's approval
11 26 indicated on the articles of incorporation, are filed
11 27 with the secretary of state. The secretary of state
11 28 shall record the articles of incorporation and forward
11 29 a copy of them to the county recorder of the county in
11 30 which the state bank is to have its principal place of
11 31 business.

11 32 2. The secretary of state's acknowledgment of
11 33 filing of the articles of incorporation is conclusive
11 34 proof that the incorporators or organizers satisfied
11 35 all conditions precedent to incorporation or
11 36 organization, except in a proceeding instituted by the
11 37 superintendent to cancel or revoke the incorporation
11 38 or involuntarily dissolve the corporation or
11 39 organization.

11 40 Sec. _____. Section 524.307, Code 2003, is amended
11 41 to read as follows:

11 42 524.307 INITIAL ORGANIZATION OF STATE BANK.

11 43 Upon incorporation, or organization as a limited
11 44 liability company, of the state bank, the initial
11 45 board of directors shall hold an organizational
11 46 meeting within this state, at the call of a majority
11 47 of the directors, to complete the organization of the
11 48 state bank by electing officers, adopting bylaws, if
11 49 any are to be adopted, and conducting any other
11 50 business properly brought before the board at the
12 1 meeting.

12 2 Sec. _____. Section 524.308, subsection 2, Code
12 3 2003, is amended to read as follows:

12 4 2. If a state bank transacts any business before
12 5 receipt of an authorization to do business in
12 6 violation of subsection 1, the directors, managers,
12 7 and officers who willfully authorized or participated
12 8 in the action are severally liable for the debts and
12 9 liabilities of the state bank incurred prior to the
12 10 receipt of the authorization to do business.

12 11 Sec. _____. Section 524.310, Code 2003, is amended
12 12 to read as follows:

12 13 524.310 NAME OF STATE BANK.

12 14 1. The name of a state bank originally
12 15 incorporated or organized after the effective date of
12 16 this chapter shall include the word "bank" and may
12 17 include the word "state" or "trust" in its name. A
12 18 state bank using the word "trust" in its name must be
12 19 authorized under this chapter to act in a fiduciary
12 20 capacity.

12 21 2. The provisions of this section shall not
12 22 require any state bank, existing and operating on
12 23 January 1, 1970, to add to, modify or otherwise change
12 24 its corporate or organizational name, either on
12 25 January 1, 1970, or upon renewal of its corporate
12 26 existence pursuant to section 524.314.

12 27 3. If a state bank existing and operating on
12 28 January 1, 1970, causes its corporate or
12 29 organizational name to be changed, the name as changed
12 30 shall comply with subsection 1 of this section.

12 31 4. a. A person may reserve the exclusive use of a
12 32 corporate or organizational name for a state bank by
12 33 delivering an application to the secretary of state
12 34 for filing. The application must set forth the name
12 35 and address of the applicant and the name proposed to
12 36 be reserved. If the secretary of state finds that the
12 37 corporate or organizational name applied for is
12 38 available, the secretary of state shall reserve the
12 39 name for the applicant's exclusive use for a
12 40 nonrenewable one hundred twenty day period.

12 41 b. The owner of a reserved corporate or
12 42 organizational name may transfer the reservation to
12 43 another person by delivering to the secretary of state
12 44 a signed notice of the transfer that states the name
12 45 and address of the transferee.

12 46 Sec. _____. Section 524.312, subsections 1 and 5,
12 47 Code 2003, are amended to read as follows:

12 48 1. A state bank originally incorporated or
12 49 organized pursuant to this chapter shall have its
12 50 principal place of business within the city limits of
13 1 a municipal corporation. The existence of a state
13 2 bank shall not, however, be affected by the subsequent
13 3 discontinuance of the municipal corporation. A state
13 4 bank existing and operating on January 1, 1970, which
13 5 does not have its principal place of business within
13 6 the city limits of a municipal corporation, may renew
13 7 its corporate or organizational existence pursuant to
13 8 section 524.314 without regard to this section and may
13 9 also operate as a bank or convert to and operate as a
13 10 bank office when acquired by or merged into another
13 11 state bank and approved by the superintendent.

13 12 5. A state bank approved under the provisions of
13 13 section 524.305, subsection 8, shall not commence its
13 14 business at any location other than within a municipal
13 15 corporation or unincorporated area in which was
13 16 located the principal place of business or an office
13 17 of the bank the condition of which was the basis for
13 18 the superintendent authorizing incorporation or
13 19 organization of the new state bank.

13 20 Sec. _____. Section 524.313, Code 2003, is amended
13 21 to read as follows:

13 22 524.313 BYLAWS.
13 23 A state bank may adopt bylaws. The power to adopt,
13 24 amend, or repeal bylaws or adopt new bylaws is vested
13 25 in the board of directors unless reserved to the
13 26 shareholders by the articles of incorporation. The
13 27 bylaws may contain any provisions for the regulation
13 28 and management of the affairs of the state bank not
13 29 inconsistent with law or the articles of
13 30 incorporation. For a state bank organized as a
13 31 limited liability company under this chapter, "bylaws"
13 32 means the operating agreement of the state bank.

13 33 Sec. _____. NEW SECTION. 524.315 STATE BANKS AS
13 34 LIMITED LIABILITY COMPANIES.

13 35 1. A state bank organized as a limited liability
13 36 company under this chapter shall also be subject to
13 37 chapter 490A, the Iowa limited liability company Act.
13 38 If a provision of the Iowa limited liability company
13 39 Act conflicts with a provision of this chapter or any
13 40 rule of the superintendent adopted pursuant to this
13 41 chapter, the provisions of this chapter or rule of the
13 42 superintendent shall control.

13 43 2. The superintendent shall possess the exclusive

13 44 authority to regulate a state bank organized as a
13 45 limited liability company under this chapter.
13 46 3. The superintendent may adopt rules to ensure
13 47 that a state bank organized as a limited liability
13 48 company under this chapter is operating in a safe and
13 49 sound manner and is subject to the superintendent's
13 50 authority in the same manner as a state bank organized
14 1 as a corporation.

14 2 Sec. _____. Section 524.401, subsections 2, 3, and
14 3 4, Code 2003, are amended to read as follows:

14 4 2. The minimum capital structure of a state bank
14 5 incorporated after July 1, 1995, or organized after
14 6 July 1, 2004, pursuant to the provisions of this
14 7 chapter shall not be less than the amount required by
14 8 the federal deposit insurance corporation, or its
14 9 successor, or a greater amount which the
14 10 superintendent may deem necessary in view of the
14 11 deposit potential of the state bank and current
14 12 banking standards relating to total capital
14 13 requirements.

14 14 3. A state bank incorporated on or after July 1,
14 15 1995, or organized after July 1, 2004, pursuant to
14 16 this chapter, prior to receiving authorization to do
14 17 business from the superintendent, shall establish
14 18 paid-in surplus and undivided profits as required by
14 19 the superintendent.

14 20 4. A state bank originally incorporated or
14 21 organized pursuant to this chapter shall establish,
14 22 prior to receiving authorization to do business from
14 23 the superintendent, paid-in surplus and undivided
14 24 profits as required by the superintendent.

14 25 Sec. _____. Section 524.525, Code 2003, is amended
14 26 to read as follows:

14 27 524.525 SUBSCRIPTION FOR SHARES BEFORE
14 28 INCORPORATION OR ORGANIZATION.

14 29 1. A subscription for shares entered into before
14 30 incorporation or organization of the state bank is
14 31 irrevocable for six months unless the subscription
14 32 agreement provides a longer or shorter period, or all
14 33 subscribers agree to revocation.

14 34 2. The board of directors may determine the
14 35 payment terms of subscriptions for shares that were
14 36 entered into before incorporation or organization of
14 37 the state bank unless the subscription agreement
14 38 specifies the terms. A call for payment by the board
14 39 of directors must be uniform so far as practicable as
14 40 to all shares of the same class or series, unless the
14 41 subscription agreement specifies otherwise.

14 42 3. Shares issued pursuant to subscriptions entered
14 43 into before incorporation or organization of the state
14 44 bank are fully paid and nonassessable when the state
14 45 bank receives the consideration specified in the
14 46 subscription agreement.

14 47 4. If a subscriber defaults in payment of money or
14 48 property under a subscription agreement entered into
14 49 before incorporation or organization of the state
14 50 bank, the state bank may do either of the following:

15 1 a. Collect the amount owed as any other debt.

15 2 b. Unless the subscription agreement provides
15 3 otherwise, the state bank may rescind the agreement
15 4 and may sell the shares if the debt remains unpaid
15 5 more than twenty days after the state bank sends
15 6 written demand for payment to the subscriber.

15 7 Sec. _____. Section 524.528, subsection 2, paragraph
15 8 c, Code 2003, is amended to read as follows:

15 9 c. There is no preemptive right with respect to
15 10 any of the following:

15 11 (1) Shares issued as compensation to directors,
15 12 managers, officers, agents, or employees of the state
15 13 bank, its subsidiaries, or its affiliates.

15 14 (2) Shares issued to satisfy conversion or option
15 15 rights created to provide compensation to directors,
15 16 managers, officers, agents, or employees of the state
15 17 bank, its subsidiaries, or its affiliates.

15 18 (3) Shares authorized in articles of incorporation
15 19 that are issued within six months from the effective
15 20 date of incorporation or organization.

15 21 Sec. _____. Section 524.801, subsection 1, Code
15 22 2003, is amended to read as follows:

15 23 1. To sue and be sued, complain and defend, in its
15 24 corporate or organizational name.

15 25 Sec. _____. Section 524.801, unnumbered paragraph 2,
15 26 Code 2003, is amended to read as follows:

15 27 The powers granted in this section shall not be
15 28 construed as limiting or enlarging any grant of
15 29 authority made elsewhere in this chapter, or as a
15 30 limitation on the purposes for which a state bank may
15 31 be incorporated or organized.

15 32 Sec. _____. Section 524.1301, Code 2003, is amended
15 33 to read as follows:

15 34 524.1301 DISSOLUTION BY INCORPORATORS, ORGANIZERS,
15 35 OR INITIAL DIRECTORS.

15 36 A majority of the incorporators, organizers, or
15 37 initial directors of a state bank that has not issued
15 38 shares or has not commenced business may dissolve the
15 39 state bank by delivering articles of dissolution to
15 40 the superintendent, together with the applicable
15 41 filing and recording fees, for filing with the
15 42 secretary of state that set forth all of the
15 43 following:

- 15 44 1. The name of the state bank.
- 15 45 2. The date of its incorporation or organization.
- 15 46 3. Either of the following:
 - 15 47 a. That the state bank has not issued any shares.
 - 15 48 b. That the state bank has not commenced business.
- 15 49 4. That no debt of the state bank remains unpaid.
- 15 50 5. If shares were issued, that the net assets of
16 1 the state bank remaining after the payment of all
16 2 necessary expenses have been distributed to the
16 3 shareholders.
- 16 4 6. That a majority of the incorporators,
16 5 organizers, or initial directors authorized the
16 6 dissolution.

16 7 Sec. _____. Section 524.1302, Code 2003, is amended
16 8 to read as follows:

16 9 524.1302 INVOLUNTARY DISSOLUTION PRIOR TO
16 10 COMMENCEMENT OF BUSINESS.

16 11 Prior to the issuance of an authorization to do
16 12 business, the superintendent may cause the dissolution
16 13 of a state bank if there exists any reason why it
16 14 should not have been incorporated or organized under
16 15 this chapter or if an authorization to do business has
16 16 not been issued within one year after the date of its
16 17 incorporation or organization, or such longer time as
16 18 the superintendent may allow for satisfaction of
16 19 conditions precedent to its issuance. After giving
16 20 the state bank adequate notice and an opportunity for
16 21 hearing, the superintendent shall certify the
16 22 applicable facts by the filing of a statement with the
16 23 secretary of state, who shall thereafter issue a
16 24 certificate of dissolution. Upon the issuance of such
16 25 certificate of dissolution by the secretary of state,
16 26 the corporate or organizational existence of the state
16 27 bank shall cease.

16 28 Sec. _____. Section 524.1309, Code 2003, is amended
16 29 to read as follows:

16 30 524.1309 BECOMING SUBJECT TO CHAPTER 490 OR 490A.

16 31 In lieu of the dissolution procedure prescribed in
16 32 sections 524.1303 to 524.1306, a state bank may cease
16 33 to carry on the business of banking and, after
16 34 compliance with this section, continue as a
16 35 corporation subject to chapter 490; or if the state
16 36 bank is organized as a limited liability company under
16 37 this chapter, continue as a limited liability company
16 38 subject to chapter 490A.

16 39 1. A state bank ~~which~~ that has commenced business
16 40 may propose to voluntarily cease to carry on the
16 41 business of banking and become a corporation subject
16 42 to chapter 490, or a limited liability company subject
16 43 to chapter 490A, upon the affirmative vote of the
16 44 holders of at least a majority of the shares entitled
16 45 to vote on such proposal, adopting a plan involving
16 46 both a provision for acquisition of its assets and
16 47 assumption of its liabilities by another state bank,
16 48 national bank, or other financial institution insured
16 49 by the federal deposit insurance corporation, and a
16 50 provision for continuance of its business if
17 1 acquisition of its assets and assumption of its
17 2 liabilities is not effected, or any other plan
17 3 providing for the cessation of banking business and
17 4 the payment of its liabilities.

17 5 2. The application to the superintendent for

17 6 approval of a plan described in subsection 1 ~~of this~~
17 7 ~~section~~ shall be treated by the superintendent in the
17 8 same manner as an application for approval of a plan
17 9 of dissolution under ~~subsection 2 of~~ section 524.1303,
17 10 subsection 2, and shall be subject to ~~subsection 3 of~~
17 11 section 524.1303, subsection 3.

17 12 3. Immediately upon adoption and approval of a
17 13 plan to voluntarily cease to carry on the business of
17 14 banking and become a corporation subject to chapter
17 15 490, or a limited liability company subject to chapter
17 16 490A, the state bank shall deliver to the
17 17 superintendent a plan to cease the business of banking
17 18 and become a corporation subject to chapter 490, or a
17 19 limited liability company subject to chapter 490A,
17 20 which shall be signed by two of its duly authorized
17 21 officers and shall contain the name of the state bank,
17 22 the post office address of its principal place of
17 23 business, the name and address of its officers and
17 24 directors, the number of shares entitled to vote on
17 25 the plan and the number of shares voted for or against
17 26 the plan, respectively, the nature of the business to
17 27 be conducted by the corporation under chapter 490, or
17 28 by the limited liability company subject to chapter
17 29 490A, and the general nature of the assets to be held
17 30 by the corporation or company.

17 31 4. Upon approval of the plan by the
17 32 superintendent, the state bank shall immediately
17 33 surrender to the superintendent its authorization to
17 34 do business as a bank and shall cease to accept
17 35 deposits and carry on the banking business except
17 36 insofar as may be necessary for it to complete the
17 37 settlement of its affairs as a state bank in
17 38 accordance with subsection 5.

17 39 5. The board of directors has full power to
17 40 complete the settlement of the affairs of the state
17 41 bank. Within thirty days after approval by the
17 42 superintendent of the plan to cease the business of
17 43 banking and become a corporation subject to chapter
17 44 490, or a limited liability company subject to chapter
17 45 490A, the state bank shall give notice of its intent
17 46 to persons identified in section 524.1305, subsection
17 47 4, in the manner provided for in that subsection. In
17 48 completing the settlement of its affairs as a state
17 49 bank the state bank shall also follow the procedure
17 50 prescribed in section 524.1305, subsections 4, 5, and
18 1 6.

18 2 6. Upon completion of all the requirements of this
18 3 section, the state bank shall deliver to the
18 4 superintendent articles of intent to be subject to
18 5 chapter 490 or 490A, together with the applicable
18 6 filing and recording fees, which shall set forth that
18 7 the state bank has complied with this section, that it
18 8 has ceased to carry on the business of banking, and
18 9 the information required by section 490.202 relative
18 10 to the contents of articles of incorporation under
18 11 chapter 490, or article of organization under chapter
18 12 490A. If the superintendent finds that the state bank
18 13 has complied with this section and that the articles
18 14 of intent to be subject to chapter 490 or 490A satisfy
18 15 the requirements of this section, the superintendent
18 16 shall deliver them to the secretary of state for
18 17 filing and recording in the secretary of state's
18 18 office, and they shall be filed and recorded in the
18 19 office of the county recorder.

18 20 7. Upon the filing of the articles of intent to be
18 21 subject to chapter 490 or 490A, the state bank shall
18 22 cease to be a state bank subject to this chapter, and
18 23 shall cease to have the powers of a state bank subject
18 24 to this chapter and shall become a corporation subject
18 25 to chapter 490 or a limited liability company subject
18 26 to chapter 490A. The secretary of state shall issue a
18 27 certificate as to the filing of the articles of intent
18 28 to be subject to chapter 490 or 490A, and send the
18 29 certificate to the corporation or limited liability
18 30 company or its representative. The articles of intent
18 31 to be subject to chapter 490 or 490A shall be the
18 32 articles of incorporation of the corporation or a
18 33 limited liability company. The provisions of chapter
18 34 490 or 490A becoming applicable to a corporation or
18 35 limited liability company formerly doing business as a
18 36 state bank shall not affect any right accrued or

18 37 established, or liability or penalty incurred under
18 38 this chapter prior to the filing with the secretary of
18 39 state of the articles of intent to be subject to
18 40 chapter 490 or 490A.

18 41 8. A shareholder of a state bank who objects to
18 42 adoption by the state bank of a plan to cease to carry
18 43 on the business of banking and to continue as a
18 44 corporation subject to chapter 490, or a limited
18 45 liability company subject to chapter 490A, is entitled
18 46 to appraisal rights provided for in chapter 490,
18 47 division XIII, or in chapter 490A, subchapter VII.

18 48 9. A state bank, at any time prior to the approval
18 49 of the articles of intent to become subject to chapter
18 50 490 or 490A, may revoke the proceedings in the manner
19 1 prescribed by section 524.1306.

19 2 Sec. _____. Section 524.1405, subsection 2,
19 3 paragraph f, Code 2003, is amended to read as follows:

19 4 f. The shares of each party to the merger that are
19 5 to be converted into shares, obligations, or other
19 6 securities of the surviving party or any other
19 7 corporation or limited liability company or into cash
19 8 or other property are converted, and the former
19 9 holders of the shares are entitled only to the rights
19 10 provided in the articles of merger or to their rights
19 11 under section 524.1406.

19 12 Sec. _____. Section 524.1408, Code 2003, is amended
19 13 to read as follows:

19 14 524.1408 MERGER OF CORPORATION OR LIMITED
19 15 LIABILITY COMPANY SUBSTANTIALLY OWNED BY A STATE BANK.

19 16 A state bank owning at least ninety percent of the
19 17 outstanding shares, of each class, of another
19 18 corporation or limited liability company which it is
19 19 authorized to own under this chapter, may merge the
19 20 other corporation or limited liability company into
19 21 itself without approval by a vote of the shareholders
19 22 of either the state bank or the subsidiary corporation
19 23 or limited liability company. The board of directors
19 24 of the state bank shall approve a plan of merger, mail
19 25 to shareholders of record of the subsidiary
19 26 corporation or holders of membership interests in the
19 27 subsidiary limited company, and prepare and execute
19 28 articles of merger in the manner provided for in
19 29 section 490.1105. The articles of merger, together
19 30 with the applicable filing and recording fees, shall
19 31 be delivered to the superintendent who shall, if the
19 32 superintendent approves of the proposed merger and if
19 33 the superintendent finds the articles of merger
19 34 satisfy the requirements of this section, deliver them
19 35 to the secretary of state for filing and recording in
19 36 the secretary of state's office, and they shall be
19 37 filed in the office of the county recorder. The
19 38 secretary of state upon filing the articles of merger
19 39 shall issue a certificate of merger and send the
19 40 certificate to the state bank and a copy of it to the
19 41 superintendent.

19 42 Sec. _____. Section 524.1802, subsection 1, Code
19 43 2003, is amended by adding the following new
19 44 paragraph:

19 45 NEW PARAGRAPH. gg. "Incorporated in any state"
19 46 means a limited liability company organized as a state
19 47 bank under this chapter and a limited liability
19 48 company organized as a state bank under the laws of
19 49 any state as defined in 12 U.S.C. } 1813(a)(3).

19 50 Sec. _____. Section 524.2001, Code 2003, is amended
20 1 to read as follows:

20 2 524.2001 APPLICABILITY OF OTHER CHAPTERS.
20 3 Chapters 490, 490A, 491, 492, and 493 do not apply
20 4 to banks except as provided by this chapter.

20 5 DIVISION IV
20 6 REAL PROPERTY LOANS

20 7 Sec. _____. Section 535.8, subsection 2, paragraph
20 8 b, unnumbered paragraph 2, Code 2003, is amended to
20 9 read as follows:

20 10 The lender shall not charge the borrower for the
20 11 cost of revenue stamps or real estate commissions
20 12 which are paid by the seller.

20 13 PARAGRAPH DIVIDED. ~~Collection~~ The collection of
20 14 any cost costs other than as expressly permitted by
20 15 this ~~lettered~~ paragraph "b" is prohibited. However,
20 16 additional costs incurred in connection with a loan
20 17 under this paragraph "b", if bona fide and reasonable,

20 18 may be collected by a state-chartered financial
20 19 institution licensed under chapter 524, 533, or 534,
20 20 to the extent permitted under applicable federal law
20 21 as determined by the office of the comptroller of the
20 22 currency of the United States department of treasury,
20 23 the national credit union association, or the office
20 24 of thrift supervision of the United States department
20 25 of treasury. Such costs shall apply only to the same
20 26 type of state chartered entity as the federally
20 27 chartered entity affected.>

20 28 #3. Title page, by striking lines 1 and 2 and
20 29 inserting the following: 20 30 regulation of financial institutions including banks,
20 31 credit unions, and real property loan lenders.>
20 32 #4. By renumbering as necessary.

20 33
20 34
20 35 _____
20 36 JENKINS of Black Hawk

20 37
20 38
20 39 _____
20 40 SANDS of Louisa

20 41
20 42
20 43 _____
20 44 VAN FOSSEN, J. K. of Scott

20 45
20 46
20 47 _____
20 48 STRUYK of Pottawattamie

20 49
20 50
21 1 _____

21 2 QUIRK of Chickasaw
21 3 HF 2484.201 80
21 4 kk/sh